S&MM
SALES & MARKETING MANAGEMENT

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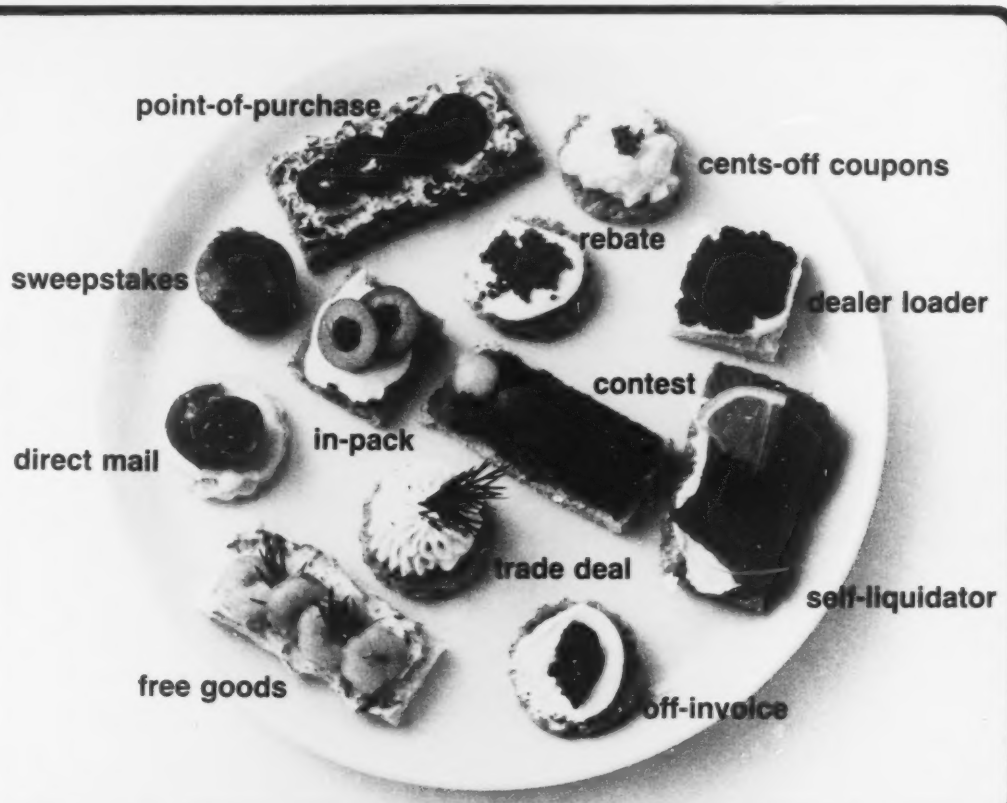
How to create tempting sales promotions

Marketers often must offer a little something extra to catch the attention of retailers and end-users and thus spur sales of their products. In 1983 they spent $72 billion on such enticements as cents-off coupons, free goods, sweepstakes, and off-invoice deals. A big chunk went to point-of-purchase displays, the last chance to catch consumers as they make their buying decisions. Story begins on page 41.



Inside Out

United Airlines loses a plan—and perhaps more. Page 12.

Explosafe America prods carmakers to buy its gas-tank safety device, but so far the market refuses to boom. Page 13.

IBM makes itself at home. Its latest strategies have but one aim: to make PCs as common as toasters. Page 13.

Molecular Genetics relies on grass-roots marketing to sell a

Industrial marketers will enjoy a banner year: demand for capital goods is building. Page 18.

Fleet incentives hit a bumpy road as Congress ponders a bill to ban them. Page 47.

Software for the PC. Part II of S&MM's series on how to use selling's newest tool. Page 50.

Demographics in action. A new S&MM department starts with a report on Manufacturers Hanover's race with data. Page 62.

Contents, Page 5.

STRATEGIC SHIFT

Drug marketers write an Rx for consumers

Page 74.

AN S&MM SPECIAL SECTION

Test Marketing: No new product without its test

Page 81.

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What's Coming Up

What made Nick DiBari quit? It obviously wasn't the money, as DiBari, Comdisco's (and the nation's) top-paid marketer, himself, tells S&MM in an exclusive interview. Apr. 2.

An S&MM Special Section: Sales Incentives. Given the right kind of planning, an incentive effort can provide just the right kind of boost to a marketing campaign. Case histories and the results of an S&MM survey. Apr. 2.

S&MM's Survey of Industrial & Commercial Buying Power. The authoritative guide to the plants and other locations that have the best potential for business-to-business sales. Apr. 23.

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SHORT TAKES

12 Marketing plans / **Case of the Forgotten Plan**
12 / **Computers with nothing to compute**
13 Industrial marketing / **A market that refuses to boom**
13 Media / **Newspapers aim at bigger game**
13 Strategies / **For IBM, the best is yet to come**
16 / **Omni/Dunfey creates a dual product line**
16 New markets / **Thoro System targets wet basements**
18 Discovering marketing / **Selling genetic engineering**
20 / **Banking on salespeople**

FEATURES

41 How to create tempting sales promotions
Seven case histories showing how companies attract retailers and end-users to their products, with special focus on p-o-p.

47 Sharp turn for fleet incentives
Forces are afoot that would halt the free options so cherished by car manufacturers and fleet car operators and users.

50 Software unlocks the PC's power
Part II in S&MM's series on the personal computer's present and future in sales and marketing.

A NEW S&MM DEPARTMENT

62 Demographics in action

66 The view of a downside-up manager
Consumer Electronic Corp.'s Gerald Michaelson puts managers "in their place": at the bottom of the pyramid.

74 Drug marketers write an Rx for consumers
Manufacturers and the FDA are treading lightly into an area that will forever change the way prescription drugs are sold.

AN S&MM SPECIAL SECTION

81 Test marketing: No new product without its test

DEPARTMENTS

144 Advertisers' index
137 Books
73 Changes in the news
135 Compensation
118 Computer in sales & marketing
20 Corporate travel
38 Industrial newsletter
122 International newsletter
63 Jaundiced eye
8 Letters to S&MM
72 Marketers, et cetera
37 Marketing newsletter
123 Meetings
121 On the road
6 Publisher's call report
18 S&MM Barometer
61 S&MM Marketgraph
16 S&MM Market Highlight
15 S&MM Predicts
132 S&MM Viewpoint
143 Sales mart
128 Sales strategies
146 Significant trends
149 Worth writing for

Cover photo by Don Kushnick

device worked very well with my former firm when I promoted *Information USA*, a $20 reference book that was the only paperback in that price range to make the New York *Times* best-seller list."

Gathering competitor information, Lesko says, means digging on several levels. "First, you scan the commercial data bases, such as A.C. Nielsen, to see what's available. Then, you work your way through the federal establishment, especially the agencies which gather corporate data and congressional committees. Next is the state level, which has a lot more information on businesses than most people realize. For example, while 20,000 corporations file financial disclosure statements with the SEC, 10 times as many do so at the state level." For general market conditions, Lesko adds, he taps such sources as *S&MM's Survey of Buying Power*.

INDUSTRIAL MARKETING

A market that refuses to boom

Selling what is billed as a "surefire" product isn't all that easy for Explosafe America, Inc.

The Rexdale, ON, Canada, company produces an aluminum mesh safety product called Explosafe. The mesh fits into tanks that hold gasoline or other volatile liquids and prevents the combustible material from exploding when touched by an open flame. Almost any manufacturer of vehicles or products with a tank for volatile liquid is a potential customer for Explosafe, but so far the company has sold the product mostly to U.S. and Canadian government agencies and military.

Perhaps the biggest plum would be the U.S. automotive market, except that Richard Turner, president, points out that the automakers have a "tendency" to foot drag when it comes to incorporating safety devices into their cars. "We're wooing them," he says, "but it might damn near take an Act of Congress to get them to listen." Turner says that for the automakers, which represent a $10–$15 million market, the price per car to install the product in production would be between $40 and $50. But still, he laments, none are willing to sign a contract with him.

Explosafe could prevent tragedies such as these, Turner says.

Explosafe has "an ace up its sleeve," Turner says. In Saudi Arabia, the company is expecting the government to issue a promulgation that after a certain date all new cars entering the country be equipped with Explosafe. Turner says the first to be affected would probably be the Japanese carmakers and Mercedes-Benz. "It won't be long until the U.S. makers are knocking on our doors to fit their cars going into Saudi," he says.

With General Motors, the company has already made some headway. GM has ordered three prototype Chevrolet Suburbans to be equipped with Explosafe for the overseas market. If all goes well, Turner says, GM is expected to order 2,600 more vehicles so equipped.

Even though many Americans die each year because of car fires—in 1982 the figure was 1,587—progress for Explosafe America will be slow. This year management expects sales to be just $1.2 million.

MEDIA

Newspapers aim at bigger game

Having slogged the painful road to standardization, newspapers are in top shape to wrestle other media for national and retail ad dollars. This means going after such blue-chip accounts as IBM and Upjohn as well as providing shopping centers with circulation data by Zip Code. The willingness to do battle was evident at last month's meeting of the International Newspaper Advertising and Marketing Executives in New Orleans.

With the advent of standard advertising units at most major dailies on July 1, said Frank Savino, marketing chief of the Bergen County (NJ) *Record*, advertisers will be able to compare space and rates of one paper with others. Moreover, thanks to research by Simmons Market Research Bureau and Scarborough Research (S&MM, Oct. 10, 1983), said Arthur E. Wible Jr., sales director of the New York *Daily News*, space salespeople now can talk in the standardized lingo of the electronic media (cost per thousand, Gross Rating Points).

If all this sounds slick and unnewspaperlike, Marlys East of Rouse Co., a Columbia, MD, developer, hinted that it may be time to revive a publishing institution. Noting that most shoppers at her downtown malls are office workers on brief lunch breaks or hurrying to or from work, she told the group: "I suggest putting a newspaperboy on every corner."

MARKETING STRATEGIES

For IBM, the best is yet to come

What AT&T achieved in making the telephone universally popular in the home is what IBM's strategists envision for the personal computer

(PC). That was the Delphian message given to clients of The Yankee Group, a Boston research company, last month. To reach its goal, they were told, IBM will forge alliances with others in a variety of fields. The new IBM-CBS-Sears triumvirate that will enter the videotex business is the first of a series that will occur in the next few years. (For more on this joint venture, see page 118.)

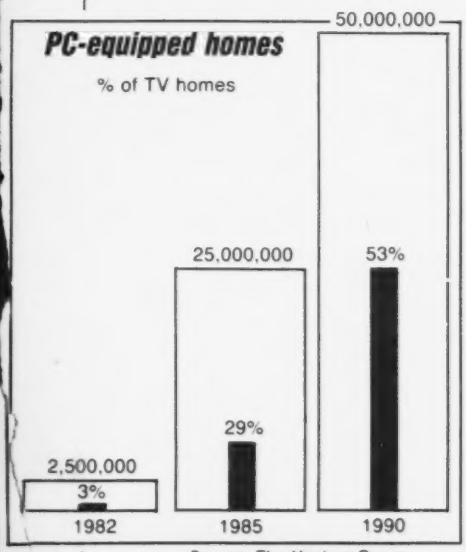
The home looms big in IBM's future because of the strategic opportunities it poses. "IBM views the home as an extension of the business evironment," Dale Kutnick, executive director of The Yankee Group, said. "Tied to the IBM information network, the home gives them another avenue for enforcing an IBM 'environment' wherever computers are used." "The home is a mass market opportunity that IBM can't afford to pass up," adds Howard Anderson, managing director.

As evidence, he cited what research by his company and IBM itself turned up:

1. The number of PC-equipped homes will explode from 175,000 in 1981 to 7.5 million this year, 22 to 24 million next year.

2. Some 40% of PC owners tote their machines between office and home at least one weekend a month.

3. Some 14 million homes are used as offices. The number is



Source: The Yankee Group
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S&MM Predicts

Despite misredemptions and other problems, coupons will remain consumers' favorite kind of sales promotion. The appeal, of course, is instant gratification. Last year, we redeemed 5.5 billion coupons, up almost 25% from 1982. (For more on sales promotion, including point-of-purchase achievers, see page 41.)

■ ■ ■

Marketers of carbon dioxide gas will find a silver lining to the ethylene dibromide (EDB) contamination scare. CO_2, the same gas used in carbonated beverages, is a safe alternative to EDB for fumigating stored grain products.

■ ■ ■

TV networks face trouble selling commercial time for the 1988 Olympics. Worst off could be ABC, which has already plunked down $309 million for rights to the winter games in Calgary, AB, Canada, three times what it paid for Sarajevo. The reason is that last month's games registered an 18.2 prime-time rating, down from 23.7 in 1980. Note: The asking price may run as high as $1 billion for rights to the 1988 summer Olympics in Seoul.

■ ■ ■

Olympic fever could nosedive among consumers too, if they catch on to some marketers who encourage or, at least, allow them to believe that Olympic-identified products always help support the U.S. Olympic Team. *Chain Store Age*, with *Better Homes and Gardens*, surveyed 416 women; 9 out of 10 gave as their main reason for making such purchases "supporting the team." However, no such support was suggested to them by the researchers.

■ ■ ■

Products considered as unsafe in the U.S. by the Consumer Product Safety Commission will be approved for sale abroad. Commission members believe they lack authority to bar the export of cribs and other items that they pulled off the market here. However, exporters will be forced to indicate on labels products that flunked and say why the items failed to pass government muster.

■ ■ ■

Smaller-sized personal computer (PC) makers will have to get more involved in software to counter the trend among software houses to concentrate on programs for IBM and Apple machines. Likely tactics include forging marketing alliances with software publishers or offering them special inducements to write such programs. Or set up their own software departments.

■ ■ ■

A bagel that tastes like a pita? Zaloom Marketing, Hackensack, NJ, adds such a product to its line of baked goods. One wag sees a market for it in the Mideast. After all, pita is often called Syrian bread, and the bagel is the quintessential Jewish roll. Put pita bagels in front of them and the adversaries may decide they have a lot in common after all.

growing rapidly because of the PC.

Stalking the home will put IBM into markets not associated with the behemoth. "Our research shows that when you ask consumers, as we did, what they'll use PCs for," Anderson said, "entertainment and education tie for first, at 41% each. Thus you will see IBM in interactive and network video games in a couple of years because it wants PCs used as much as possible to whet the appetite for more applications."

Anderson believes that, initially, IBM will concentrate on the high end of the home market. "Beyond that," he said, "they're undecided as to how to handle mass distribution. A basic IBM marketing dictum is: Never let anyone get between you and your customer. If they go mass market, how do they handle a K Mart or a Crazy Eddie? If they don't go that route, they risk giving the Japanese an opening into the low end, from which the Japanese will upgrade to higher levels by adding sophistication to their entertainment expertise, just as they did in copiers." The image of what happened to Xerox hangs heavy over Armonk. S&MM

Omni/Dunfey creates a dual product line

The results of a market study have led Dunfey Hotels both to adopt the name of the Omni International Hotels group, which it recently acquired, and to change its corporate structure. Because the survey revealed that the Omni name is better known than Dunfey and its properties are considered more "upmarket," says Dunfey president Jon Canas, the Hampton, NH–based chain is changing its name to Omni/Dunfey Hotels Group. But "having the name is only one part of the strategy," Canas says; "we must be sure the product exists."

Thus the company is being divided into Omni International Hotels Div. and the Dunfey Management Div., each with a distinct product line. Omni includes the Omni hotels in Atlanta, Miami, and Norfolk, the five Dunfey Classic hotels, which will be renamed Omni Classic, and nine other properties that are either open or under construction. Omni properties are in major markets, have specific upscale features, and offer "Omni Classic Service." Dunfey Management, currently 12 properties, includes mainly the franchised hotels plus independents that because of either "product or location" do not qualify for inclusion in the Omni group.

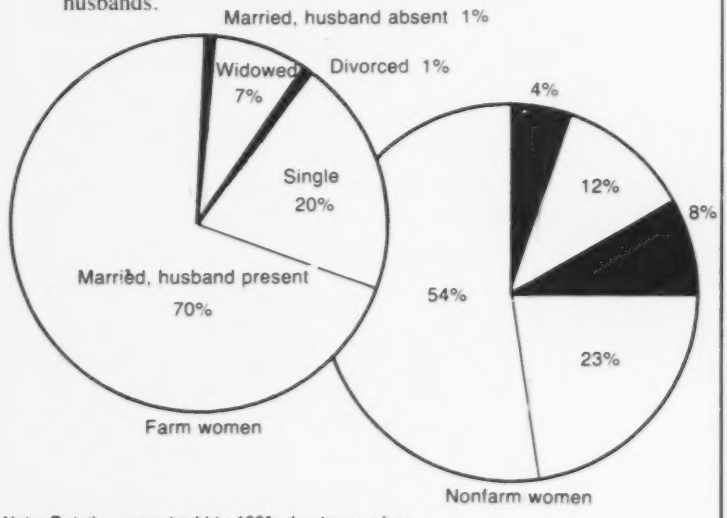
Jon Canas of Omni/Dunfey: Same stand but a new name.

Omni/Dunfey this month begins a $3 million ad campaign (agency: Spiro & Associates), mainly consumer and trade magazines, but also spot TV, newspapers, and direct mail. The campaign, Canas says, will create a "brand identity" for the new company. S&MM

S&MM MARKET HIGHLIGHT

Togetherness on the farm

The liberated woman is a stranger on the nation's farms. Some 7 of every 10 farm women are married and living with their husbands vs. just over half of their nonfarm sisters. The difference is most striking in the 35 to 44 age group, with 92% of farm women and 73% of nonfarm women living with their husbands.



Note: Details may not add to 100% due to rounding.
Source: Census Bureau, *Farm Population of the U.S.: 1982*, Series P-27, No. 56
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NEW MARKETS

Thoro System targets wet basements

"There are 6 million wet basements in the U.S.," says Donald J. Saunders, and he aims to dry them out. Saunders is general manager of Thoro System Products, a unit of the Specialty Chemicals Group of Beatrice Foods (S&MM, Feb. 6). After 70 years of selling concrete

and stone refinishing and repair products to the industrial market—architectural and construction companies—Thoro System is expanding into the consumer market because of the increase in do-it-yourselfers. The national rollout of the consumer line begins next month in New York City, Philadelphia, Hartford, CT, and Detroit, this following market tests.

Entering the consumer market required action in several areas:

◆ The company hired a "professional" consumer products manager, John Gavin, who was with the Arno Adhesives unit of Scholl, Inc. Gavin quickly organized a network of 17 independent rep organizations, with nearly 70 salespeople.

◆ Whereas its industrial products are sold through wholesale building suppliers, Thoro System selected for the consumer line home centers and the paint departments of mass merchandisers.

◆ From 54 industrial product "families," four were chosen for wet basement problems. Those

Thoro System's Saunders sees opportunities in consumer sales.

products are "what we're known for," Saunders says. The industrial products are packaged in paint cans, heavy paper sacks, and metal drums that hold up to 55 gal. Consumer packages are smaller, lighter plastic buckets with carrying handles.

◆ Advertising agency Marsteller is working on a TV campaign scheduled to run in April, and there will also be ads in newspapers and freestanding inserts. S&MM

DISCOVERING MARKETING

Selling genetic engineering

Genetic engineers are all the rage, but as far as marketing their inventions is concerned, they've yet to invent the wheel. With the introduction of Genecol 99, a new product of importance in agriculture, Molecular Genetics, Inc. (MGI) has taken important steps toward changing that picture. The company, says Dennis Nelson, general manager of its Animal Health Products Div., is the first genetics engineering venture "to take a product from the research bench to the marketplace."

U.S. sales of Genecol started on Jan. 1; it is now sold in 10 states—

S&MM Barometer

A banner year for industrial sellers

Making quota will be a lot easier for many industrial salespeople this year than it has been in a long time. Almost 9 of every 10 (87%) manufacturing industries will increase their real shipments (after allowing for price changes) in 1984, the Bureau of Industrial Economics' (BIE) annual *U.S. Industrial Outlook: 1984* notes. This means industries will place bigger orders with suppliers of goods and services.

Another development: Last year, the top performers among industries all were related to housing or auto (invariably the two sectors that are the first to improve in a recovery). This year, as Dr. Edward K. Smith, BIE director, notes in the Commerce Dept.'s *Business America* magazine, "The shift [is] toward primary industries, including metals and capital goods." One industry, especially, will roar back from a disastrous 1983: metal-cutting machine tools, which plunged 51% last year. It will ship 14% more product this year than last, but still a long way behind its achievements in its peak years.

Indeed, and indicative of the recent recession's depth, most of this year's pacesetters will fall far short of their record year. Some 7 of the 10 will ship anywhere from 25% to 63% less than in their best years, in the 1972–81 period. The three that will set new records, not surprisingly, fall in the high-riding hi tech category.

Fastest-growing manufacturing industries

SIC	Industry	% Change In Real Shipments 1983–84	1982–83	% Change From Peak Year To 1984
3333	Primary zinc	+38.1%	−18.5%	−62.8%
3715	Truck trailers	+25.3	+ 1.9	−42.8
3674	Semiconductors	+21.0	+19.1	+61.8
3713	Truck & bus bodies	+20.9	+24.1	−21.9
331*	Steel	+19.4	+ 8.8	−34.9
3573	Electronic computing equipment	+18.0	+15.0	+51.2
2874	Phosphate fertilizers	+15.0	−14.0	−25.6
3519	Internal combustion engines	+14.0	−10.5	−24.9
3541	Metal-cutting machine tools	+13.5	−50.9	−62.9
3679	Electronic components	+12.4	+10.5	+29.8

SIC: Standard of Industrial Classification
*Aggregate of SICs 3312, 3315, 3316, and 3317
Source: Bureau of Industrial Economics, *U.S. Industrial Outlook: 1984*
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S&MM MARKETGRAPH

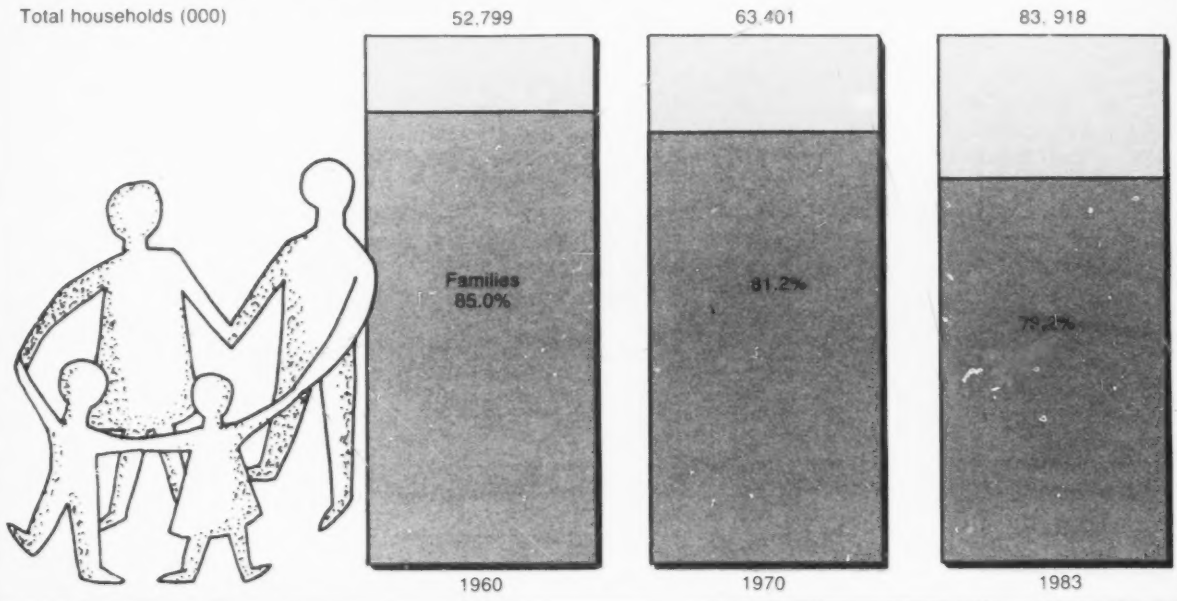
Families: What's traditional?

President Reagan's recent utterances about appealing to "traditional family values" in his re-election bid may cause marketers to smile: They've long wondered where the traditional family went. Since 1960, when Reagan was on the lecture circuit, increasing numbers of household heads have opted for nonfamily life.

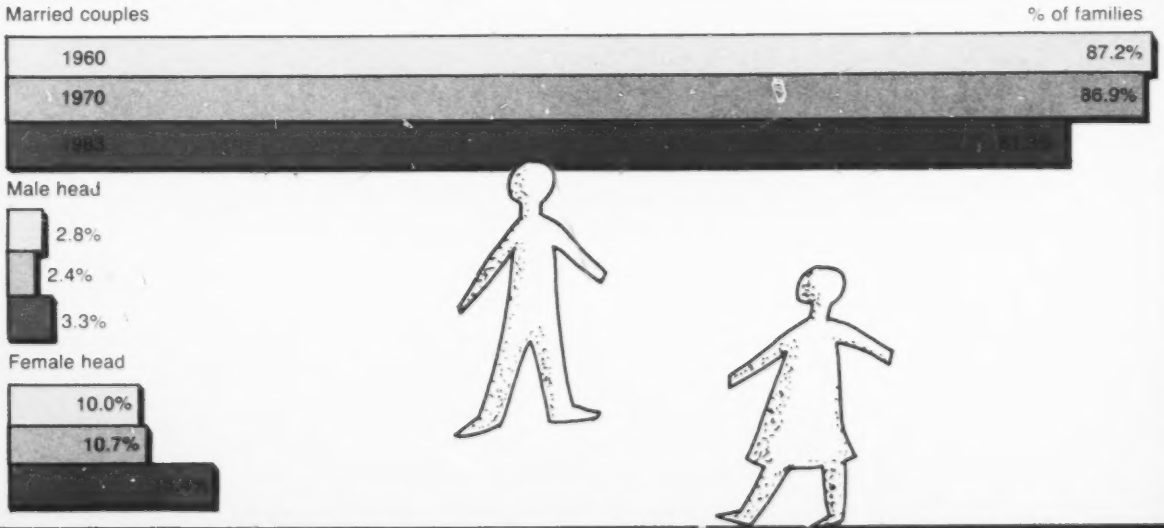
Families are more of a mosaic today. As the traditional married-couple household has dwindled in importance, spouseless male and female family heads have increased their share dramatically. Ironically, the fastest-growing "family" type, which probably would not draw presidential approval, is the unmarried couple, whose numbers have more than tripled to 1.9 million since 1970.

Still, the family retains its appeal. A Population Reference Bureau report, *The Changing American Family*, notes: "Americans consistently report that a happy marriage and a good family life are the most important aspects of life." —TCT

Family's declining share of households



Married couples in a downtrend, too



Sources: Census Bureau, *Households, Families, Marital Status and Living Arrangements, March 1983*, Series P-20, No. 383; *Statistical Abstract of the U.S. 1981*
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